

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 TAIPEI 003309

SIPDIS

STATE PLEASE PASS AIT/W AND USTR

STATE FOR EAP/RSP/TC, EAP/EP

USTR FOR WINTER AND WINELAND

USDOC FOR 4420/USFCS/OCEA/EAP/LDROKER  
USDOC FOR 3132/USFCS/OIO/EAP/ADAVENPORT  
TREASURY FOR OASIA/LMOGHTADER

E.O. 12958: N/A

TAGS: [EINV](#) [EFIN](#) [ECON](#) [PINR](#) [TW](#)

SUBJECT: Taiwan's Minister of Foreign Affairs Tries to Bolster Ties to Chad and Burkina Faso

1. Summary: Taiwan's Minister of Foreign Affairs (MOFA) (Mark) Chen Tan-sun led a delegation to Chad and Burkina Faso July 8-14 to reinforce Taiwan's interest in further developing diplomatic relations with Africa. Taiwanese businessmen have established small operations in the two African countries, but MOFA believes Taiwan's government lacks the financial resources needed to encourage Taiwan businesses to invest in Africa. Paralleling PRC's interests in Chad's oil sector, Chen expressed Taiwan's interest in investing in Chad's oil industry. End Summary.

MOFA Minister First Visits to Chad & Burkina Faso  
-----

2. Mark Chen Tan-sun (Tang-shan), Taiwan's Minister of Foreign Affairs, visited the African countries of Chad and Burkina Faso in July. His visit marked the first visit of a Republic of China (ROC) Minister of Foreign Affairs to Africa since then Minister Eugene Chien visited these two ROC allies in December 2002. The deputation included Chen, two MOFA Director General, three legislators, and nineteen reporters. The delegation was dispatched in part to reinforce diplomatic ties with Chad and Burkina Faso, a reflection of increasing Taiwan government concern about what it sees as the PRC's growing influence in Africa. The Taiwan government fears China's increased activities in Africa will sway Taiwan's few diplomatic partners in the region toward the PRC. In addition to his efforts to shore up Taiwan's diplomatic relationships, Chen also used his visit to encourage closer business ties with Taiwan.

Factors Hinder Taiwanese Venture Into Africa  
-----

3. Several factors hinder Taiwanese business ventures in Africa. These difficulties include language barriers (few Taiwanese businessmen speak French), expensive energy prices, and simple distance. MOFA's West Africa Section Chief, Alexandre Chang, noted that successful Taiwanese investments in West Africa are primarily joint ventures with third country partners. He acknowledged that Taiwan is unable to compete with China in the amount of government support available to businesses willing to invest in Africa. Chen did discuss oil investment with Chadian officials on behalf of China Petroleum Corp. (CPC), said Cheng, but neither side made commitments.

Taiwan Tax and Investment Agreements With Africa  
-----

4. Taiwan has signed investment agreements with Nigeria, Liberia, Malawi, Senegal, and Burkina Faso to give both sides most-favored nation treatment; and tax agreements with Gambia, Senegal, and Swaziland to avoid double taxation. According to an Industrial Development and Investment Center (IDIC) official, Taiwan does not offer special investment incentives beyond these agreements to encourage investment in Africa and Taiwanese firms rely on their own negotiations in order to receive preferential terms from African countries. The "Africa Growth and Opportunity Act (AGOA)" and GSP on textiles have encouraged Taiwan's textile firms to invest in the region. Taiwan is a major foreign investor in South Africa, with about 280 Taiwanese industrial manufacturing and 320 service firms investing USD 1.5 billion in the market. Taiwan's most notable investments in Malawi are two garment factories that export to South Africa and the US and have total investments of USD 25 million. Swaziland is home to 29

Taiwan investments, which amount to USD 43.2 million.

#### Negligible trade with Africa

-----

15. Trade with Africa is an insignificant 1.2 percent of Taiwan's total trade. Some percentages of total Taiwan trade with African countries: 0.494% with South Africa, 0.237% with Congo, 0.220% with Angola, 0.174% with Equatorial Guinea, 0.109% with Nigeria, and only 0.005% with Burkina Faso. Major Taiwan imports from Africa include mineral raw materials and crude oil; Taiwan exports to these African nations include electronics, synthetic fiber, and machinery equipment. Taiwan's major exports to Burkina Faso and Chad are electrical fans and computer peripherals; and imports from these two nations are mainly un-carded cotton.

(This report was prepared by AIT/Kaohsiung Intern Cindy Chou.)  
PAAL